
Evaluating Spending Limits

Total spend on the purchasing cards can be evaluated many ways. The goal is to determine if the profile groups you have established provide the cardholders with the credit limits needed to do their job without exposing the State Entity to unnecessary risk. By assigning cardholders to profile groups, a State Entity can impose the same spending limits on multiple cardholders without manually setting the same limits for each cardholder individually.

State Purchasing Division (SPD) does not dictate the number of profiles a State Entity can establish. There are two required spending limits: (1) the Single Transaction Limit (STL) and (2) the Cycle Limit. SPD does not dictate the spending limits a State Entity can impose on cardholders with the exception of a maximum Single Transaction Limit of \$5,000, with certain exceptions, and maximum Cycle Limit of \$25,000. Bank of America provides an additional limit that is optional for agencies. A State Entity can also choose to limit the number of transactions a cardholder can make in one day.

Profile “Best Practices”

Limit the Number of Profiles

Basing profiles on job titles and actual spend levels permits a State Entity to limit the number of profiles it must maintain. A State Entity can group job titles with similar spending habits into one profile. When an employee receives a purchasing card, the Card Program Administrator can assign the cardholder to the profile assigned to the employee's job title. For individual cardholders whose spend does not fit, or who have unusual situations, management can make exceptions to the rule that a job title must be in a specific profile.

Base Profiles on Job Titles

Develop profiles based on job titles. Generally, employees with the same or similar job titles will need the same spending limits. Assign a cycle limit that will accommodate the cardholder(s) with the largest spend. Calculate:

1. The average cycle spend for a 12-month period as well as the largest cycle amount for each cardholder.
2. The average cycle spend and largest cycle amount for the same period for the job title.

Determine if the calculations look reasonable for the type of job each cardholder has. A large volume of spend on a non-procurement job title might indicate that the cardholder has job responsibilities not normally associated with his/her job title. A small volume of spend on a procurement job title might indicate that the employee is not using the card to its full potential or that the employee fulfills non-procurement related job duties.

The chart below shows an example of a system of standard profiles plus a special-purpose profile, explained below.

Profile	Cycle Limit	Single Transaction	Daily # of Transactions	MCC Groups
1	\$1,000	\$300	5	1, 2
2	\$1,500	\$750	5	1, 2, 3
3	\$3,500	\$1,000	8	1, 2, 3
4	\$3,500	\$1,000	3	1,2
5	\$5,000	\$1,000	10	2, 3
6	\$10,000	\$2,500	15	1, 2, 3
7	\$10,000	\$2,500	10	2,3
8	\$25,000	\$5,000	No Limit	1, 2, 3
9	\$40,000	\$5,000	No Limit	1, 2, 3
Special 1	\$100,000	\$10,000	No Limit	1, 2, 3, 4

Merchant Category Code Groups (MCCG):

1. GASTATE
2. GASTATE1
3. GASTATE2
4. GAATHTRAV

As shown, management can structure the card profiles so that cardholders can make transactions only at merchants assigned to specific merchant category code groups. The State of Georgia currently has four groups, three that are available to all cardholders and a travel group that can be used on a limited or temporary basis.

Assign job titles to a profile based on actual, historical spend information or potential spend for that type of job. For example, the Card Program Administrator could assign all procurement personnel to Profile #7 because they will need more flexibility than a secretary who orders office supplies for one work unit or office. The Card Program Administrator could assign this job title to a profile with more restrictions, such as Profile #2.

Management must address each case individually because there can be many reasons for spend not in keeping with a job title. Profile procedures should address what to do if an individual cardholder needs larger cycle or single transaction limits than those for the job title. A move up to the next profile might be in order.

Use Special Purpose Profiles

Each State Entity will determine the number of standard profiles it needs based on job requirements and actual spend. Some agencies, such as GEMA, DNR, and DOT, could have emergencies or other special situations arise where cardholders need more flexibility in the types and amounts of purchases they can make. The Card Program Administrator can move cardholders from the standard profile to the emergency profile and then back to the standard profile when the emergency is over.

For example, certain agencies, such as GEMA and DOT, must respond to either natural or man-made disasters anywhere in the State. In these situations, cardholders might need more flexibility in how much they can spend and where they can use the cards. The DOT might send road crews from South Georgia to North Georgia to assist when there is a major winter event. Road crew foremen might need to pay for lodging and meals for the South Georgia crews. Once the emergency is over, the Card Program Administrator can move the cardholders back to the standard profile.

Data Analysis for Profile Evaluation

In order to perform a spend analysis on profiles, the Card Program Administrator needs the following information for at least 12 cycles. It is highly recommended that you evaluate your profiles annually for the first three years of your program and at least every 18 months thereafter.

You can use either Microsoft Excel or Microsoft Access to work with the data.

Transaction data and profile information are available from Works Payment Manager.

1. Cardholder name
2. Cardholder job title (not in Works Payment Manager)
3. Current spending limits
 - a. Single Transaction (STL)
 - b. Cycle
 - c. # of transactions per day
4. Individual transaction dollar amounts
5. Individual transaction post date

The following list of analysis techniques can help you analyze your data to determine appropriate single transaction and cycle limits. Number of transactions per day is up to the discretion of management.

1. Compare individual cardholder average cycle spend to the cycle spend for the profile.
 - a. If the cardholder consistently reaches the cycle limit and needs temporary increases, this might be justification for moving the cardholder to the next higher profile.
 - b. It could also mean that the cardholder performs actual job responsibilities not in keeping with the job title.
2. Calculate total spend by cardholder. Use the sort feature in Excel to sort these by amount. Evaluate the types of job titles found in each natural grouping.
 - a. Do job titles appear in more than one group?
 - b. Are all cardholders with the same or similar job titles found in the same natural group?
3. Sort the data by job title and then by transaction amount. Determine the maximum transaction amount and maximum cycle amount within each job title. These figures can provide insight into appropriate limits for the profile that will include that job title.

4. Compare individual cardholder's maximum transaction and average cycle spend to the assigned profile.
 - a. Does the cardholder consistently reach the STL or cycle limit?
 - b. Does the cardholder consistently fall significantly short of the STL or cycle limit for the profile?
5. Determine the cardholder with the highest cycle spend within each job title. This figure might be an indication of a good cycle limit for the job title.
6. Determine if cardholders within a job title have similar spending habits. If there is a cardholder who has significantly more spend than cardholders in the same job title, this cardholder might be a candidate for an exception to the standard profile. Other cardholders could remain in the lower spending limit profile.